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TO RUEHC/SECSTATE WASHDC IMMEDIATE 3236
INFO RUEHTRO/AMEMBASSY TRIPOLI 3725
RUEHEE/ARAB LEAGUE COLLECTIVE
RUEHLO/AMEMBASSY LONDON PRIORITY 0759
RUEHFR/AMEMBASSY PARIS PRIORITY 0446
RUEHMD/AMEMBASSY MADRID PRIORITY 0016
RHEHAAA/NSC WASHINGTON DC
RUEAIIA/CIA WASHDC

C O N F I D E N T I A L SECTION 01 OF 05 TRIPOLI 000227

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SUBJECT: BACK TO THE FUTURE? QADHAFI CALLS FOR DRAMATIC SOCIO-ECONOMIC CHANGE IN GPC SPEECH REF: TRIPOLI 166 TRIPOLI 00000227 001.2 OF 005

CLASSIFIED BY: John T. Godfrey, A/DCM, Embassy Tripoli, Dept of State. REASON: 1.4 (b), (d)

1.(C) Summary: In a recent speech given at the opening of the annual General People's Congress, Leader Muammar al-Qadhafi roundly criticized the OIL WEALTH A MIXED BLESSING THAT NECESSITATES CHANGE

2.(U) In a speech delivered on March 2 to the annual session of the General People's Congress in Sirte, Libyan leader Muammar al-Qadhafi decried (ANOTHER) RADICAL RESTRUCTURING OF GOVERNMENT IN THE OFFING

3.(C) Qadhafi called on the Congress to abolish by year's end the system of the GPC's, which has constituted the de facto government structure SECURITY, FOREIGN POLICY APPARATUS TO REMAIN UNCHANGED

4.(U) Citing common practice in other countries, Qadhafi identified five key authorities - defense, foreign affairs, interior, internal security, DIRECT REDISTRIBUTION OF OIL WEALTH PROPOSED TRIPOLI 00000227 002.2 OF 005

5.(U) Citing the inability of GPC's to effectively distribute Libya's oil-generated wealth to its citizens, Qadhafi proposed a redistribution system WITH CORRESPONDING PRIVATIZATION OF STATE-OWNED/OPERATED SERVICES

6.(U) Once the GPC system is dismantled, all spending decisions will devolve to the private sector. In lieu of the GPC structure, Qadhafi suggested EDUCATION, HEALTH CARE ARE KEY AREAS

7.(U) Qadhafi spoke at length about education, saying Libyans will be solely responsible for financing their children's education, either with HOW TO KEEP LIBYANS WORKING?

8.(U) Complaining that annual outlays for government salaries are far too high, Qadhafi called for an end to public sector wages and the abolition QADHAFI ROLLS THE DICE ... AGAIN

9.(C) Qadhafi's plan for restructuring the GOL and privatizing TRIPOLI 00000227 003.2 OF 005 the majority of state-owned and operated services MUCH ACTIVITY ...

10.(C) The Ministry of Economy and Trade's Director of Foreign Trade, Dia Hammouda, told Embassies March 12 that the GOL's most senior leaders are ... BUT HOW MUCH REAL MOVEMENT?

11.(C) Nonetheless, it remains unclear how extensive the change will really be. Abdulati Obeidi, MFA Secretary for European Affairs, told the visiting "SOVEREIGN MINISTRIES" AN ACKNOWLEDGEMENT OF REALITY

12.(C) MFA Americas Desk Director Muhammad Matari told P/E Chief that creating the proposed five "sovereign ministries" could greatly diminish 5,000 LD ALLOTMENT "AN EXAMPLE"; CENTRAL BANK CONCERNED ABOUT INFLATION

13.(C) Noting that the figure of 5,000 LD was "an example" of the amount of direct oil wealth transfers that might be settled on, Central Bank SITUATION REGARDING QADHAFI'S SONS UNCLEAR

14.(C) As reported ref A, observers hoped results of the Congress would signal the relative positions of Saif al-Islam al-Qadhafi and his recent

15.(C) In addition, xxxxxxxxxxxx who works with Libya's economic and financial sectors told EconOff March 11 that Dr. Mahmoud Jibril, head of the

16.(C) xxxxxxxxxxxx offered a different interpretation, telling the CDA that Qadhafi's proposed changes had effectively created areas in which